

Charitable Planning Nebraska United Methodist Foundation

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Charitable Planning

- Donors' passions and goals more important than taxes
- Impact social capital (heirs, charity, government)
- How to Give
 - Outright
 - Revocable
 - Life Income
 - Other



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Revocable Gifts

- Estate Plan
 - Will
 - Revocable Living Trust

- Beneficiary Designation
 - IRA
 - Qualified Retirement Benefits
 - Insurance Policy Beneficiary
 - Bank, brokerage, POD Deed



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Revocable Gifts – IRD Assets

- Estate: \$1 million retirement plan, \$1 million in stocks, \$2 million house

- Option 1
 - Will leaves \$1 million to NUMF
 - All other assets to decedent's son
 - Son will pay income tax on the IRA funds
- Option 2
 - \$ 1 million from retirement plan to NUMF Foundation
 - All other assets to decedent's son
 - Son does not pay any income tax



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Life Income Gifts

- Common Elements
 - 2 parts - gift & income
 - Income stream for life or period of years
 - Income tax deduction for gift portion
 - Capital gains benefits

Life Income Gifts

	Payments	Taxes	Assets
Gift Annuity	<ul style="list-style-type: none"> • Fixed payment • 1 or 2 beneficiaries for life • Obligation of Foundation 	<ul style="list-style-type: none"> • Part of payment tax free • Cap gain tax partly avoided • Cap gain tax due spread over donor's life 	<ul style="list-style-type: none"> Cash Stock QCD (up to \$50K) Real estate (rarely)
Deferred Gift Annuity	<ul style="list-style-type: none"> • Fixed payments start in future • Higher rate 	<ul style="list-style-type: none"> • Tax deduction when fund 	<ul style="list-style-type: none"> Cash Stock Real estate (rarely)
Charitable Remainder Unitrust	<ul style="list-style-type: none"> • Variable payment • Term \leq 20 years or lifetime • May more than 2 beneficiaries 	<ul style="list-style-type: none"> • No capital gain on funding or sale of asset • Payments taxed 	<ul style="list-style-type: none"> Cash Stock Real estate Business interests
Charitable Remainder Annuity Trust	<ul style="list-style-type: none"> • Fixed payment • Term \leq 20 years or lifetime • May more than 2 beneficiaries • Trust obligation 	<ul style="list-style-type: none"> • No capital gain on funding or sale of asset • Payments taxed 	<ul style="list-style-type: none"> Cash Stock Real estate (rarely)

Other Gifts

- Retained Life Estate
 - Home or farm
 - Deduction now, use for life
 - Maintenance, income and taxes
- Donor Advised Fund
 - Similar to a Private Foundation only Easier, Better & Faster to Set Up
- Charitable Lead Trust
 - Give assets at reduced estate or gift tax
 - Testamentary option
- Bargain Sale
- Partial interest



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Donor Advised Fund

- Donor Advised Fund
 - Similar to a Private Foundation only Easier, Better & Faster to Set Up
 - Commercial, local community foundation, NUMF
 - Gift Any kind of asset
 - Include Family
 - Deduction when funding the DAF
 - Make grants later; no time-table for making grants
 - Can create a DAF even with a small donation
 - Some restrictions



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Assets

- Retirement Benefits
- Real estate
 - Bargain sale
- Business interest
- Life insurance
- Royalties
- Bank and Stock Accounts
- Personal Tangible Property
 - Art, vehicle, farm machinery/equipment
 - Gifts of grain and other commodities



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Donor Conversations

- Passion question
- Obstacle to gift
- Bridge obstacle
- Team approach with other advisers
- Holistic, passing on values, not just valuables
- Involve the charity's planned giving officer



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- Question?
 - Feedback Requested
 - Contact Information
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